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F.#2013R01179

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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U.S. DISTRICT COURT E.D.N.Y.
★ AUG 21 2013 ★

BROOKLYN OFFICE

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UNITED STATES OF AMERICA

I N F O R M A T I O N

- against -

Cr. No. 13-490 (JBW)
(T. 18, U.S.C., §§ 371 and
3551 et seq.)

MICHAEL COLBERT,

Defendant.

- - - - -X

THE UNITED STATES ATTORNEY CHARGES:

INTRODUCTION

At all times relevant to this Information, unless otherwise indicated:

1. The defendant MICHAEL COLBERT was employed as the Director of Risk Management for a company (the "Company") that operated sports books (the "Sports Books") at casinos in Las Vegas, Nevada. In that position, COLBERT was responsible for overseeing the Company's management of betting activity in the Sports Books.

2. The defendant MICHAEL COLBERT set and adjusted the odds, betting lines and betting limits for individual sporting contests posted for wagering at the Sports Books. He also supervised a staff of managers who assisted him in his duties. COLBERT reported to the Chief Executive Officer of the Company. In 2012, COLBERT was named a vice president of the Company.

3. The Company sought to minimize the risk of large losses at the Sports Books by balancing the bets it took on either side of a given contest. To accomplish this, the defendant MICHAEL COLBERT adjusted the odds and betting lines to encourage bettors to place wagers that would largely cancel one another out.

4. On a regular basis, a small number of high stakes bettors, some of whom were located outside of Nevada, placed large wagers on contests, which left the Company exposed to large losses depending on the outcomes of the contests. To minimize this risk, the defendant MICHAEL COLBERT sought to obtain bets that would cancel out large wagers. The bets used to cancel out these large wagers were referred to as, among other things, "buy-back."

5. The "Jersey Boys" was an illegal gambling operation based in Queens, New York (the "Operation"), which employed individuals known as "runners" to open wagering accounts and place bets at the Sports Books on behalf of the Operation. Coconspirator #1, the leader of the Jersey Boys, whose identity is known to the United States Attorney, attempted to hide the Operation's illegal gambling activity, income and source of funds from law enforcement, tax authorities and other regulators. Coconspirator #1 compensated the runners who placed bets on behalf of the Operation.

6. The use of runners to place bets on behalf of another person in exchange for compensation was illegal under Nevada state law. Knowingly taking bets from runners was also illegal under Nevada state law.

7. The defendant MICHAEL COLBERT knew that the Jersey Boys compensated the runners who placed bets on its behalf with the Sports Books. COLBERT, together with others, agreed to allow the Jersey Boys to use runners to bet at the Sports Books knowing that such conduct was illegal.

ILLEGAL GAMBLING CONSPIRACY

8. The allegations contained in paragraphs one through seven are realleged and incorporated as though fully set forth in this paragraph.

9. In or about and between January 2010 and October 2012, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant MICHAEL COLBERT, together with others, did knowingly and intentionally conspire to conduct, finance, manage, supervise, direct and own all or part of an illegal gambling business, to wit: sports betting books, which operated in violation of the laws of the State of Nevada, to wit: Nevada Revised Statutes Sections 465.092, 465.093 465.094, which involved five or more persons who conducted, financed, managed, supervised, directed and owned all or part of such business and which remained in substantially

continuous operation for a period in excess of thirty days and had a gross revenue of at least \$2,000 in any single day, contrary to Title 18, United States Code, Sections 1955(a).


10. In furtherance of the conspiracy and to effect its objectives, within the Eastern District of New York and elsewhere, the defendant MICHAEL COLBERT, together with others, committed and caused to be committed, among others, the following:

OVERT ACTS

a. In or about July 2011, COLBERT directed a manager whom he supervised at the Company to contact Coconspirator #1 to determine if a runner was permitted to withdraw funds from a Sports Book wagering account held in the runner's name, but actually held for the benefit of Coconspirator #1;

b. In or about September 2011, COLBERT recruited an individual to act as a runner for the Jersey Boys who subsequently placed bets on behalf of Coconspirator #1 in the Sports Books in exchange for compensation.

(Title 18, United States Code, Sections 371 and 3551 et seq.)


LORETTA E. LYNCH
UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK